

Growth and Change in the Bitterroot Valley and Implications for Area Agriculture and Ag Lands

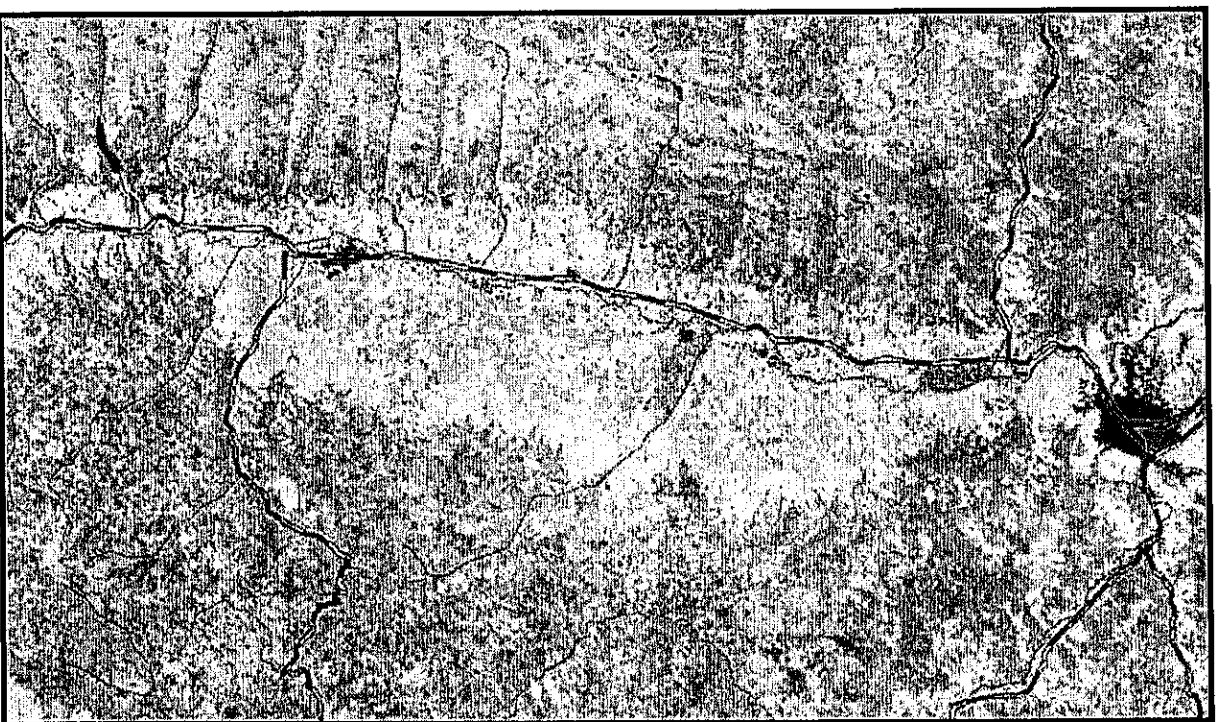
By Dr. Larry Swanson

O'Connor Center for the Rocky Mountain West, University of Montana, Missoula, April, 2006

Prepared for the Ravalli County Right to Farm and Ranch Board and Bitter Root Land Trust

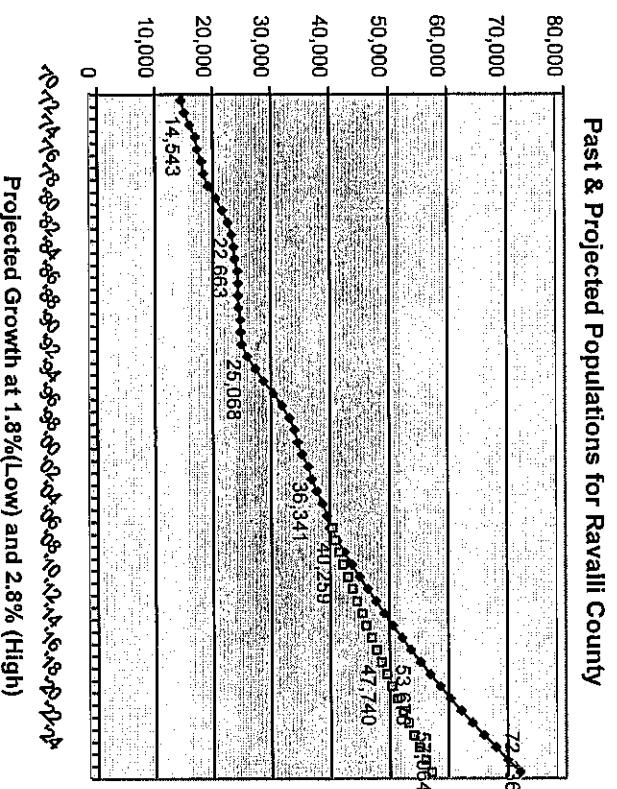
This report examines implications of population growth and housing and other development in Montana's Bitterroot Valley for area agriculture and, in particular, loss of area ag land. Ravalli County - the Bitterroot Valley - is one of the fastest growing areas of western Montana, growth that the area shares with many other areas of the Interior West and Rocky Mountains. Growth in the region greatly accelerated in the last fifteen years and while slowing more recently, is continuing to pose many challenges for communities like those of the Bitterroot Valley. These communities are not alone in facing these challenges and in the years ahead, a great deal can be learned by leaders from mountain communities throughout the region sharing their experiences with each other.

In the mid-90s, agricultural lands accounted for roughly 70 percent of all land in Ravalli County that is outside of Forest Service lands. As the population of the valley has grown and the number of homes and other development has increased, there has been a steady decline in valley ag land. Ag land acreage totaled 216,000 acres recently, down from 240,000 acres in the early '90s, which was down from 257,000 acres in the early '80s. Without greater care and planning, another 40,000 acres of valley ag land will be lost by 2020.



Summary: Major Findings and Recommendations

Past and Projected Population Growth in the Bitterroot Valley – The latest population estimate for Ravalli County is 39,940 (July 1, 2005). This is an increase of 3,870 persons since the 2000 Census, growth of 10.7% with 92% of this growth resulting from net in-migration (more people moving to Ravalli County than the number moving away, considering only those actually changing their county of permanent residence). In the mid-'90s, growth rose to as high as 5 to 6% annually, which is extremely fast growth. Growth more recently has ranged from as high as 2.7% in 2002-03 to as low as 1.2% in 2004-05. Future growth will hinge upon evolving migration patterns since net migration is accounting for much of Ravalli County's growth. Growth at 1.8 to 2.8% a year into the future would result in the population rising to 57,000 to 72,000 people by 2025.



Recent population projections by the U.S. Census Bureau for states expect that the rate of net in-migration into Montana will fall over the course of the next ten years. If this comes to pass, this may translate into a lower rate of population growth in the Bitterroot Valley, placing more likely future growth at around 2%.

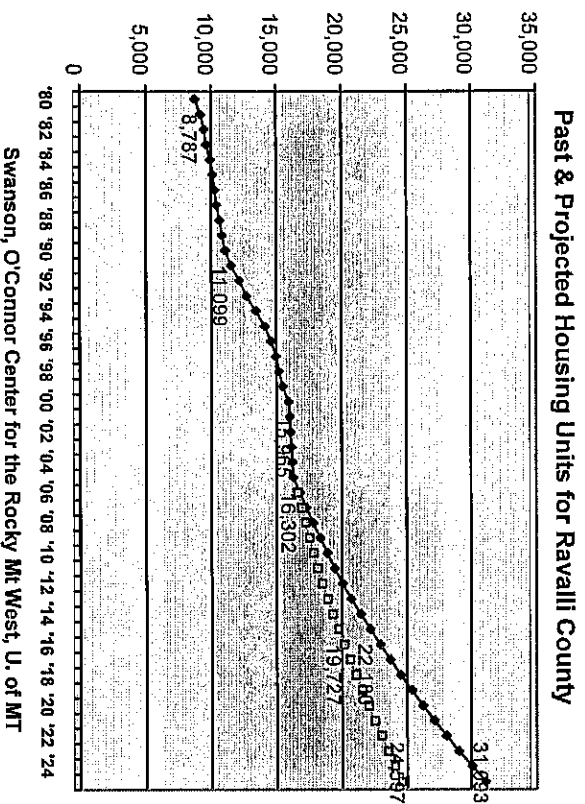
Population growth in the Bitterroot Valley can be seen as part of a larger pattern of growth in the Interior West and in mountain counties throughout the Rocky Mountains. Growth in the region surged in the early and mid-'90s, spurred by a virtual sea change in population migration patterns. Growth has tended to be greatest in areas that can be considered "high amenity" areas, including areas nearby mountains and national parks and national forests. Largely non-metro areas with these amenities that also have quality communities and attractive nearby landscapes and that are also nearby larger cities with good air service and other urban amenities, have been particularly fast-growing. These are the types of features that make Ravalli County and the Bitterroot Valley relatively fast-growing.

Population Aging – The population of Ravalli County is steadily aging and this trend will continue. This pattern is consistent with many other areas in the Interior West that have experienced surges in population growth. Much of this growth is resulting from domestic net in-migration – that is, from people in other areas of the U.S. moving to the Interior West. Many of the new migrants have been persons in their 40s and 50s (classic "baby boomers" or persons born between 1947 and 1963). As these boomers continue to age, the populations of many of these fast-growing areas are becoming quite old.

The median age of persons residing in Ravalli County has steadily increased from 32 in 1980 to 38 in 1990 and to 41 in 2000. And the counties most recent growth is concentrated among persons between 45 and 70 years of age. Montana's statewide population is relatively old in comparison to other states and is projected to be one of the five oldest populations among states by 2025, as measured by the share of the total population that is 65 years of age and older. Ravalli County's population is older than the state as a whole with 15.6% of its population 65 and older versus 13.7% for the

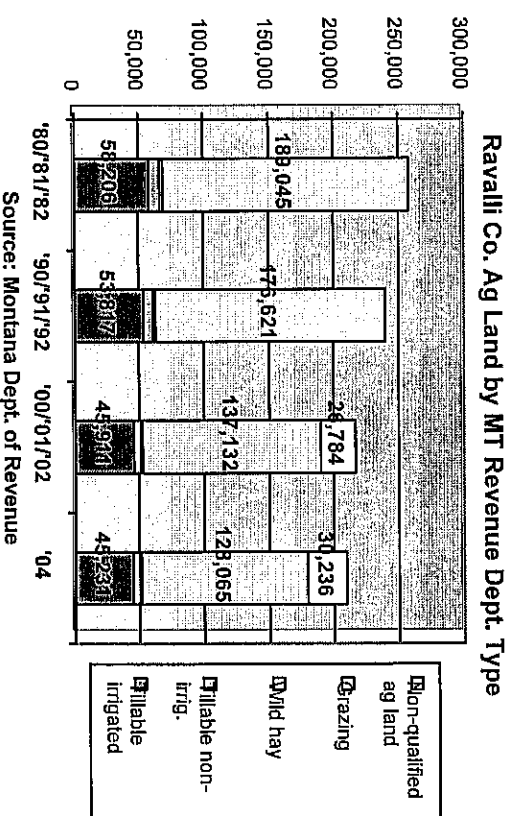
state and 22% of its population 50 to 64 years of age versus 19.5% statewide.

Past and Projected Housing Growth in the Bitterroot Valley – One of the more immediate and visible impacts of population growth in the area is the steady expansion of housing, although more non-residential development (more retail stores, office buildings, and other commercial establishments) also is occurring. The number of housing units of all types in the valley, which totaled less than 9,000 in 1980, currently stands at about 16,300 (2005 figure) and is projected to increase to between 24,600 and 31,000 units by 2025.



Steady Loss of Ag Land in the Valley – As the population of the valley has steadily grown resulting in more housing and other types of development, various types of agricultural land have steadily decreased in acreage. Agricultural land of various types around the state is classified and estimated by the Montana Department of Revenue annually. Ravalli County ag land has steadily declined in acreage, falling from nearly 260,000 acres in the early '80s to around

240,000 acres in the early '90s and to about 210,000 acres in 2004. This represents a loss of nearly 50,000 acres of agricultural land in the county or roughly 18% of the total.

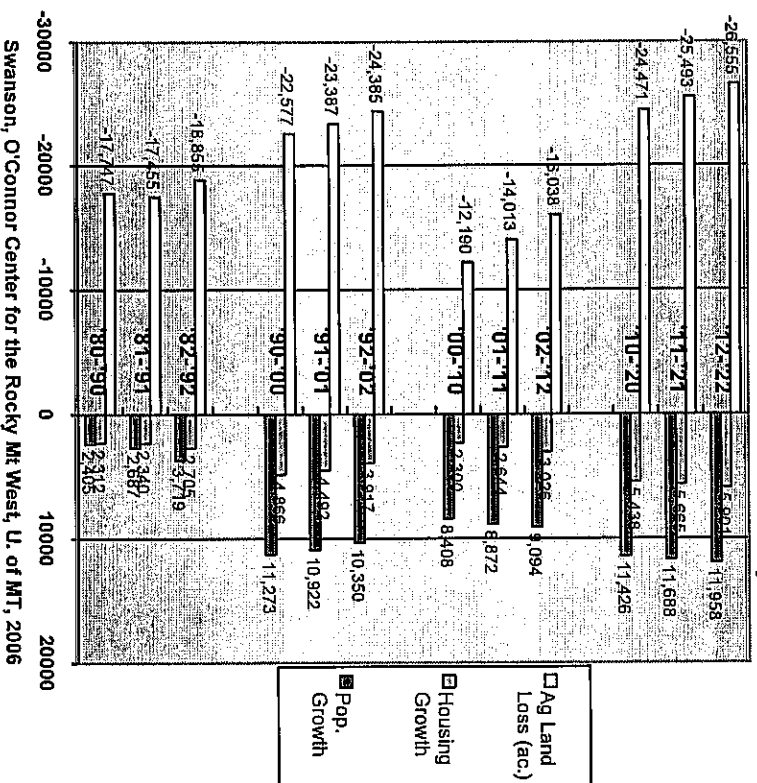


The greatest category of ag land loss is in land used for grazing or pasturing on working farms and ranches (those actually producing a minimal amount of agricultural product for marketing), where more than 60,000 acres have been lost. The amount of tillable irrigated acreage in the valley used for agricultural production has declined from over 58,000 acres to about 45,000. And another 30,000 acres of potential ag land is now classified by the Montana Revenue Department as "non-qualified ag land". These are parcels of land 20 to 160 acres in size under one ownership that are not producing at least \$1,500 a year in agricultural produce.

Possible Loss of Ag Land in the Future – In the mid-'90s ag land of some type accounted for about 70% of all land in Ravalli County that was not inside or part of Forest Service lands. Because of this, as the valley's population has grown, spurring housing construction and other types of development, ag land has steadily declined. While the relationship between population growth and housing expansion is not simple and straightforward, analysis of past trends

in the valley have established general associations between this growth and loss of ag land. Matched sets of data examining ten-year periods for different points in time show how population and housing growth are in part translating into ag land losses.

Population and Housing Growth and Associated Ag Land Loss in the Bitterroot Valley



Under past growth trends and development practices, an average of roughly 7 acres of ag land was lost for every additional housing unit in the valley during the '80s. During the '90s this fell to 5 to 6 acres lost per housing unit. Under current population and housing growth projections, the valley would lose another 38,000 acres of ag land between 2004 and 2024 if current development patterns and planning practices are largely followed — roughly 18% of the current

ag land total. This would reduce ag land in the valley from about the current 210,000 acres to a little over 170,000 acres.

The Role of Agriculture in the Bitterroot Valley Economy —

Production agriculture or the work and businesses of farmers and ranchers in the Bitterroot is an important industry in the valley for a number of reasons. First, area farmers and ranchers expend roughly \$30 million a year on production expenses. These include payments for bank loans, machinery purchases and payments for machinery repair and maintenance, purchases of fuel and fertilizer and other inputs, and payments to hired workers who assist in farm work. And in recent years, ag producers in the valley have produced livestock and crops that bring roughly \$30 to \$33 million a year to the valley in the form of cash marketing receipts.

There are over 1,200 farm proprietors operating farms and ranches and several more "corporate" or non-proprietor farms in the valley. Another 100 or so persons are employed in a variety of ways working on valley farms. Together, these 1,320 proprietors and farm workers account for roughly 7 percent of all jobs and all employment in the valley. The U.S. Department of Agriculture has estimated that there are more than 1,400 farms and ranches operating in the valley (2002 Ag Census). About two-thirds of these farms are very small — less than 50 acres in size — and these farms account for less than 7% of all farmland in the valley. At the other end of the spectrum, there are only a little over 50 farms and ranches that are larger than 1,000 acres in size, but these larger operations account for over half of the county's agricultural acreage.

Additional Significance of Area Ag Land - While agriculture has great economic importance simply because of the food that it produces (everyone has to eat), in fast-growing areas of the Rockies the presence of working farms and ranches can take on greater significance. This is because the growth and vitality now occurring in many of these areas is in part the result of people and businesses choosing to live in these areas because of their attractiveness. In many ways, the Bitterroot Valley and many other areas of the Interior West are becoming "amenity-based economies." Amenities such as nearby mountains, plentiful forests, high quality streams and lakes,

abundant fish and wildlife, and other features are becoming the foundations upon which area economic life is being built. Attractive, well-managed farms and ranches and the relatively open landscapes they contain add appreciably to these quality landscapes and area attractiveness. As these lands are lost through development, many times unnecessarily, many of these values are degraded. The value of development itself can be degraded and devalued.

Challenge for the Future - Attractive areas with fast-growing populations where virtually anything goes with respect to development soon begin to look like places where anything does in fact "go". They can lose their attractiveness very quickly with cluttered, poorly planned, poorly designed, and poorly located development. They can become less desirable places to live and work. The "trick," if there is one, is to find ways to accommodate growth that brings and sustains area economic vitality without unnecessarily or inordinately degrading if not losing altogether important area amenities and aspects of quality of life.

Areas that lack highly valued amenities and that are not growing may not have to worry about the appearance and substance of growth. However, areas that are growing relatively rapidly because of their attractiveness must find ways to protect their attractiveness if for no other reason they are to sustain growth. Plain and simply, areas that can do growth well will be more likely to continue to grow in the future.

Recommendations - There is little doubt that population growth in the Bitterroot Valley will continue and it is very likely to continue at a relatively fast pace of 2% growth or more a year. At 2% growth, the valley will add roughly 800 people each year and along with them an additional 325 new homes. Additional commercial development will accompany this growth. In 2002 a report was prepared identifying a general strategic framework for key leadership in the valley to follow in charting the valley's future economic development. Among the report's recommendations was the following:

One of the most important things valley leaders can do to assure a positive economic future for the area is to work to maintain and improve community livability in the valley. As such, the greatest potential threat to the valley's economic future may be that the very qualities drawing more and more people to the valley are being degraded and lost as the number of new residents grows under current patterns of development. [. . .] Measures taken to better manage growth during periods of rapid growth will greatly enhance the area's capacity and desire to sustain this growth into the future.

- Ravalli County Economic Needs Assessment, August 2002

The valley should adopt a three-pronged approach to incorporating into its planning for the future protections for ag land. These would include the following:

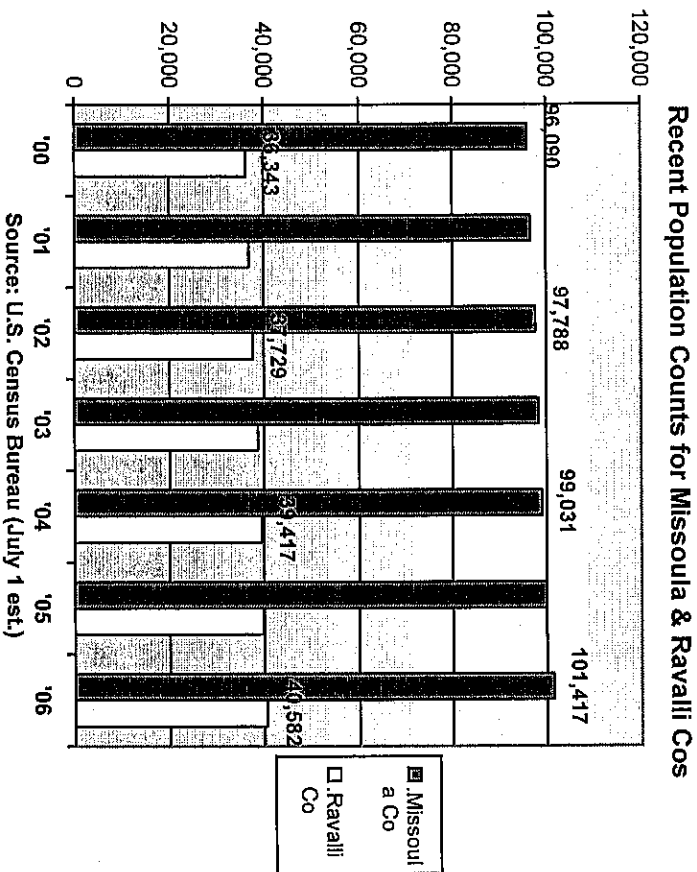
Public Education about Area Agriculture In order for the larger public to embrace any efforts at ag land protection, they will need to better understand why agriculture is important in the valley. And area agriculture is important both for the food products and commodities it produces as well as the role working farms and ranches play in enhancing the quality of life in the valley.

Ag Marketing and Promotion Financial conditions in area agriculture are precarious, as is the case throughout the larger region and nation. The Bitterroot Valley contains some of the most productive agricultural land in the entire western United States. Ways of advancing area ag producers and improving their economic conditions need to be continually explored and pursued. Possible initiatives include producer cooperatives aimed at "branding" the area's high quality agriculture. Such cooperatives also could be used to assist area farmers and ranchers in purchasing inputs, marketing outputs, and jointly promoting key agricultural products produced in the valley. Smaller producers in the valley should continually explore ways to "move themselves up the food chain" by producing and marketing "food products" to promising retail outlets rather than "commodities" that are shipped to faraway processors who make them into food. Finally, the Ravalli County Fair and Western Montana Fair should be aggressively used by area producers to tell more and more people about area agriculture.

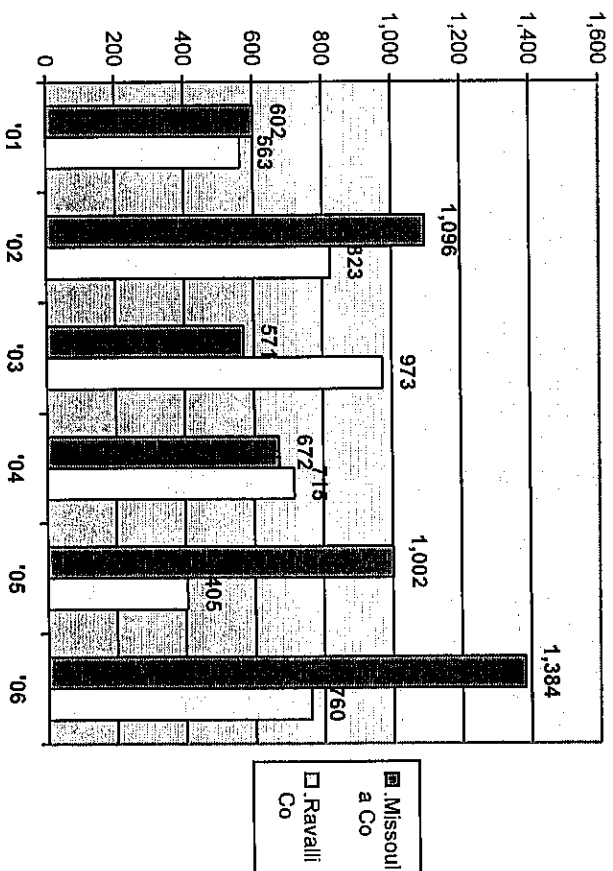
UPDATED INFORMATION ABOUT TRENDS

Recent Population Growth in Missoula and Ravalli Counties

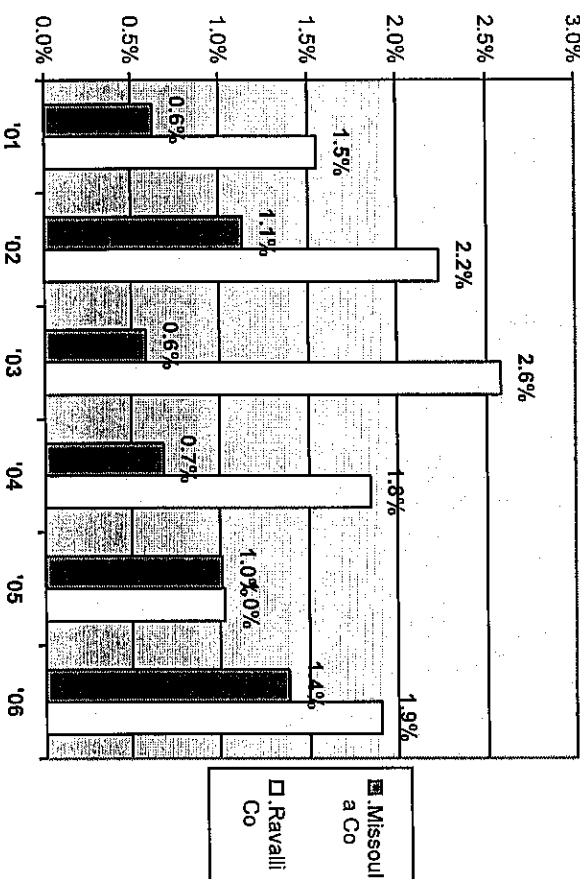
The chart below shows the most recent annual population counts for the two counties dating from July 1, 2000, through July 1, 2006. Missoula County has grown from 96,000 people to over 101,000 while Ravalli has increased from 36,000 to over 40,000. The charts at the right show year-by-year change in both absolute and relative (percentage) terms. Population growth in Missoula County is growing by + or - 1% a year, while Ravalli grows at + or - 2% annually.



Recent Yearly Pop. Growth: Missoula & Ravalli Cos.



Recent Yearly Percent Pop. Growth

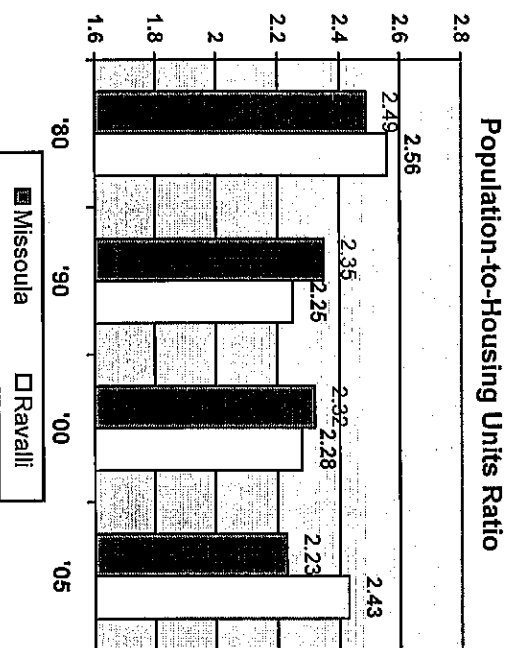


Growing at 1% a year, Missoula County's population will exceed 105,500 people by 2010 (another 4 years). Growing at 2% a year, Ravalli's will grow to nearly 44,000 in 2010.

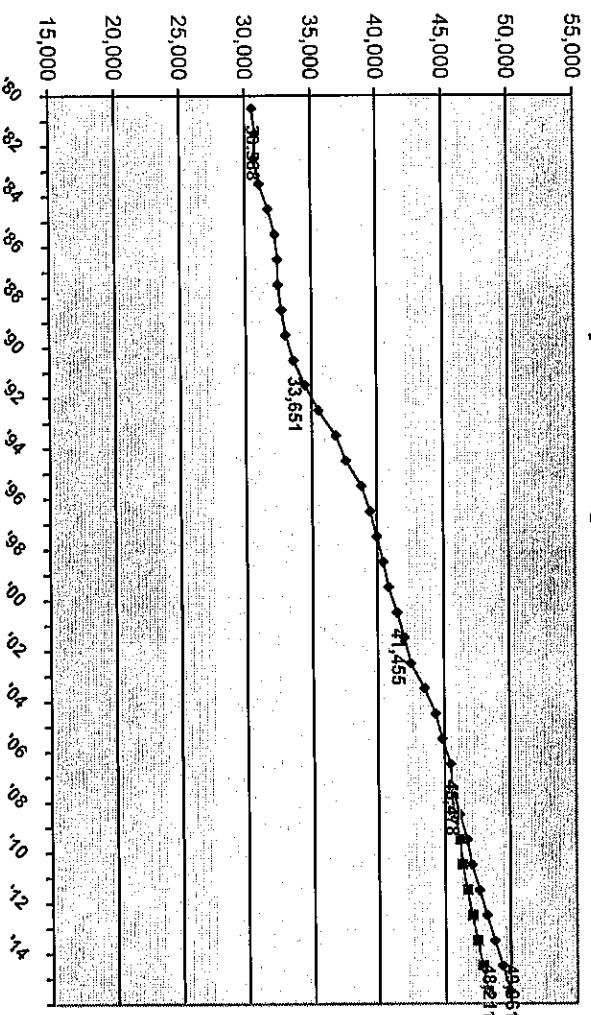
Housing Growth in Missoula and Ravalli Counties

Census Bureau counts of housing units include all types of housing units in an area – occupied and vacant, occupied full-time and part-time or seasonally, etc. Housing units in Missoula County rose from 30,600 in 1980 to 33,600 in 1990 – increasing more rapidly than population because the ratio of people to housing units was falling. This ratio continues to fall with housing units reaching 41,500 in 2000 and 45,500 in 2006.

Housing units in Ravalli County rose much more sharply in the '90s and are continuing to increase. Housing units in the county totaled 16,600 in 2006 and will increase to about 20,000 by 2015. This would be an increase of about 370 to 400 units a year. Housing units will rise by about 550 to 580 units a year in Missoula County at pop growth of about + or – 1 percent annually, rising from a current total of 45,600 to around 49,000.

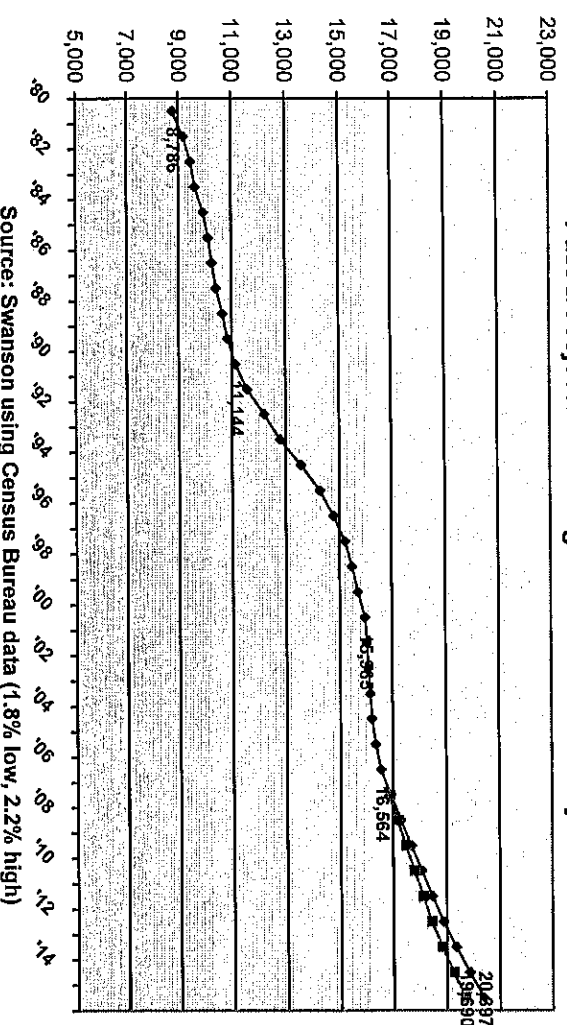


Past & Projected Housing Units: Missoula County



Source: Swanson using Census Bureau data (0.8% low, 1.2% high)

Past & Projected Housing Units: Ravalli County



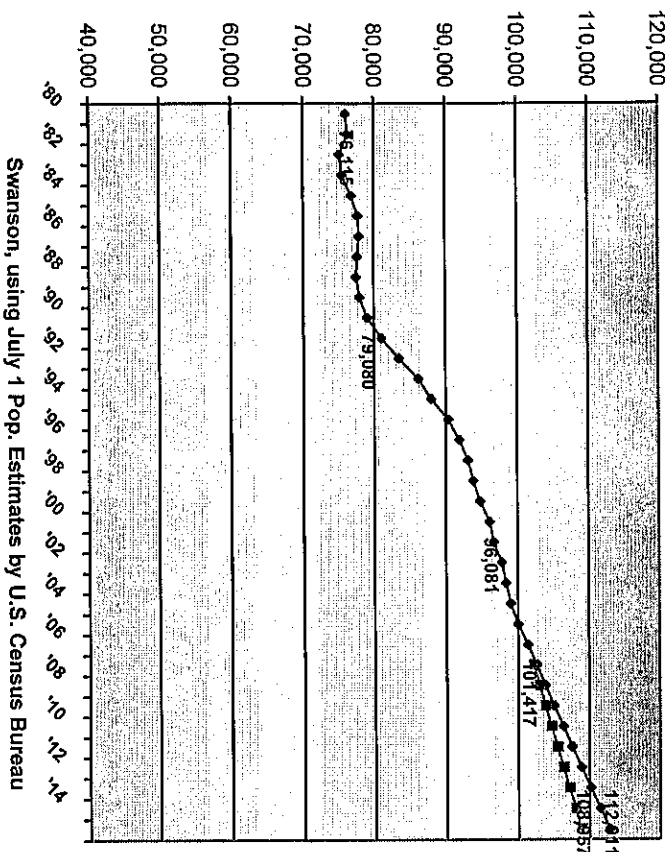
Source: Swanson using Census Bureau data (1.8% low, 2.2% high)

Population Growth in Missoula County

Population grew very little in the '80s, going from 76,000 in 1980 to 79,000 in 1990. But growth accelerated greatly in the '90s, rising to over 96,000 by 2000. The most recent count is for July 1, 2006 - 101,400.

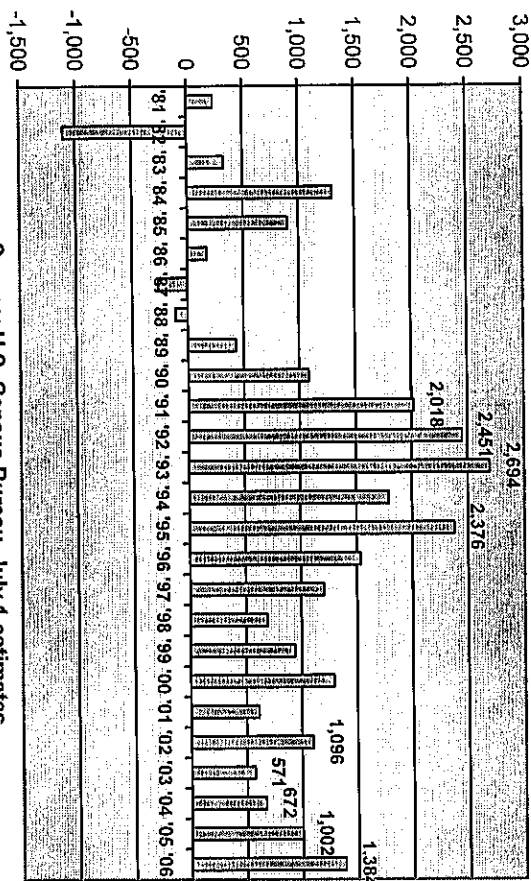
Missoula County has been adding + or - 1000 people a year in recent years, down considerably from high over 2000 a year in the early and mid-'90s. The county has been growing at + or - 1% a year for the last five years. Growing at 1.2% a year, the county's population will reach about 113,000 by 2015.

Past & Projected Population: Missoula County
Low @.8%, High @ 1.2%



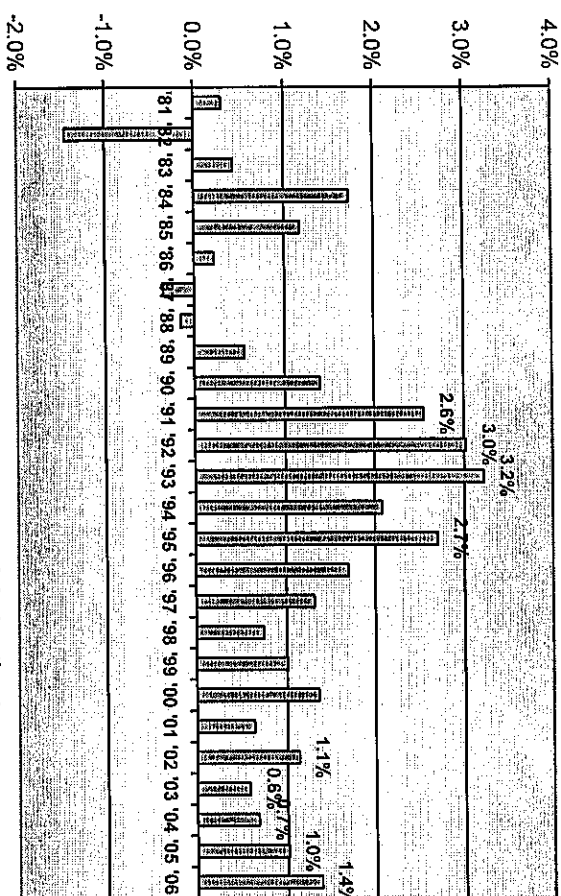
Swanson, using July 1 Pop. Estimates by U.S. Census Bureau

Year-to-Year Change in Pop: Missoula Co.



Source: U.S. Census Bureau, July 1 estimates

Year-to-Year Percent Pop. Change: Missoula Co.



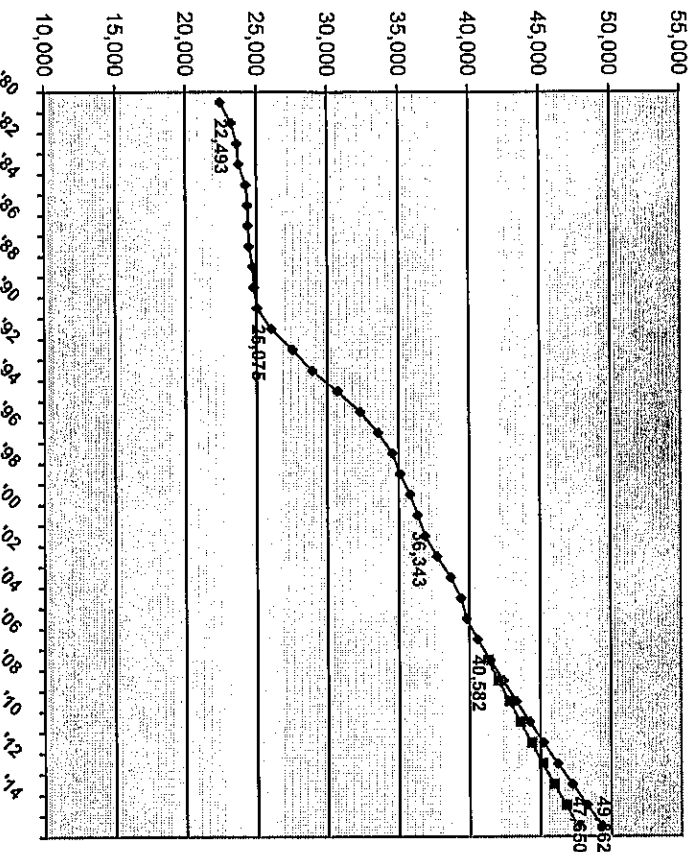
Source: U.S. Census Bureau July 1 estimates

Population Growth in Ravalli County

Population grew slowly in Ravalli County during the '80s, rising from 22,500 in 1980 to over 25,000 by 1990, an increase of about 2,500 people. The county's population grew by over 11,000 people in the '90s, reaching over 36,000 in 2000. More recent in 2006, the population stood at 40,600.

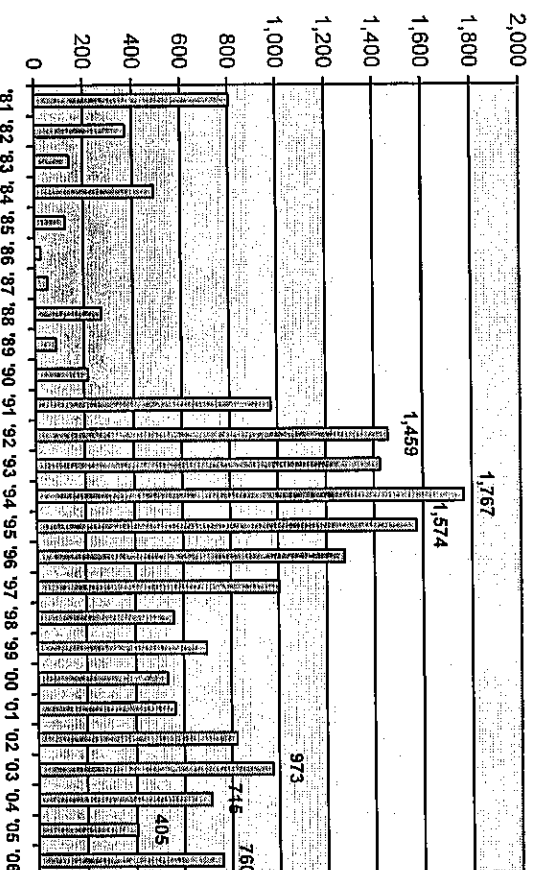
The period of fastest growth was during the early and mid-'90s, with gains of over 5 percent annually. Growth slowed to less than 2 percent a year in the latter '90s and more recently growth has been at + or - 2.0 percent a year. Growing at 2.2 percent annually, the county's population will exceed 49,000 by 2015.

Past & Projected Population: Ravalli County
Low @ 1.8%. High @ 2.2%



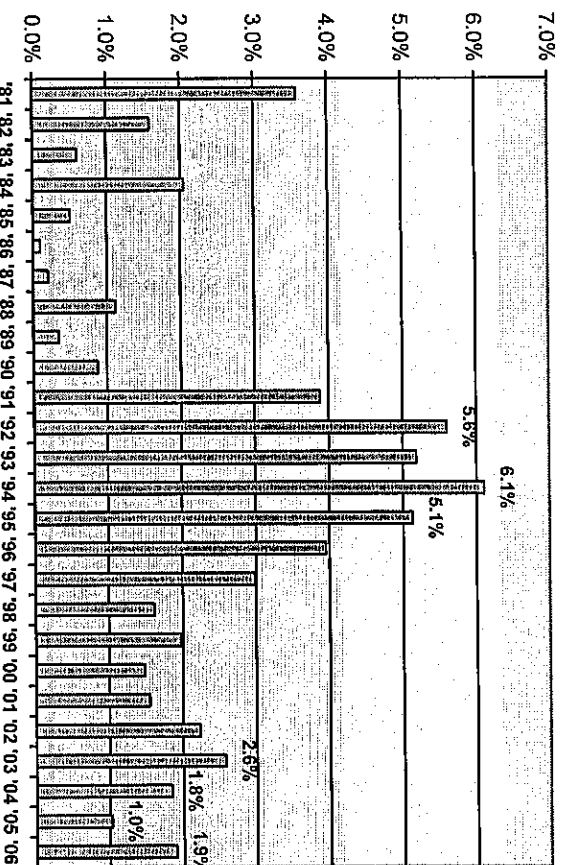
Source: Swanson, using July 1 pop. estimates by U.S. Census Bureau

Year-to-Year Change in Pop.: Ravalli Co.



Source: U.S. Census Bureau, July 1 estimates

Year-to-Year Percent Pop. Change: Ravalli Co.



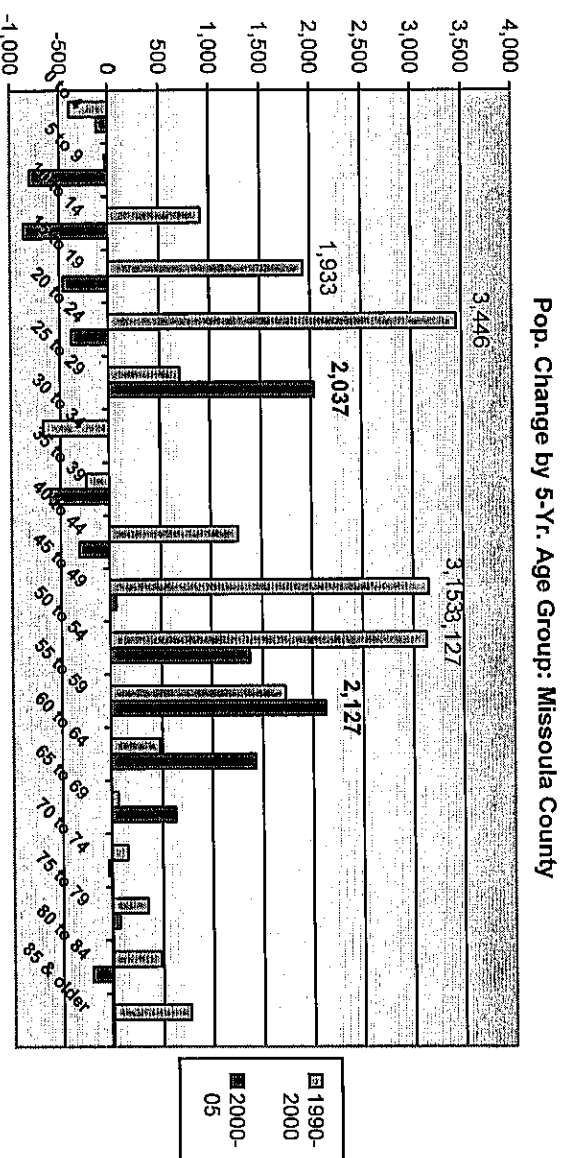
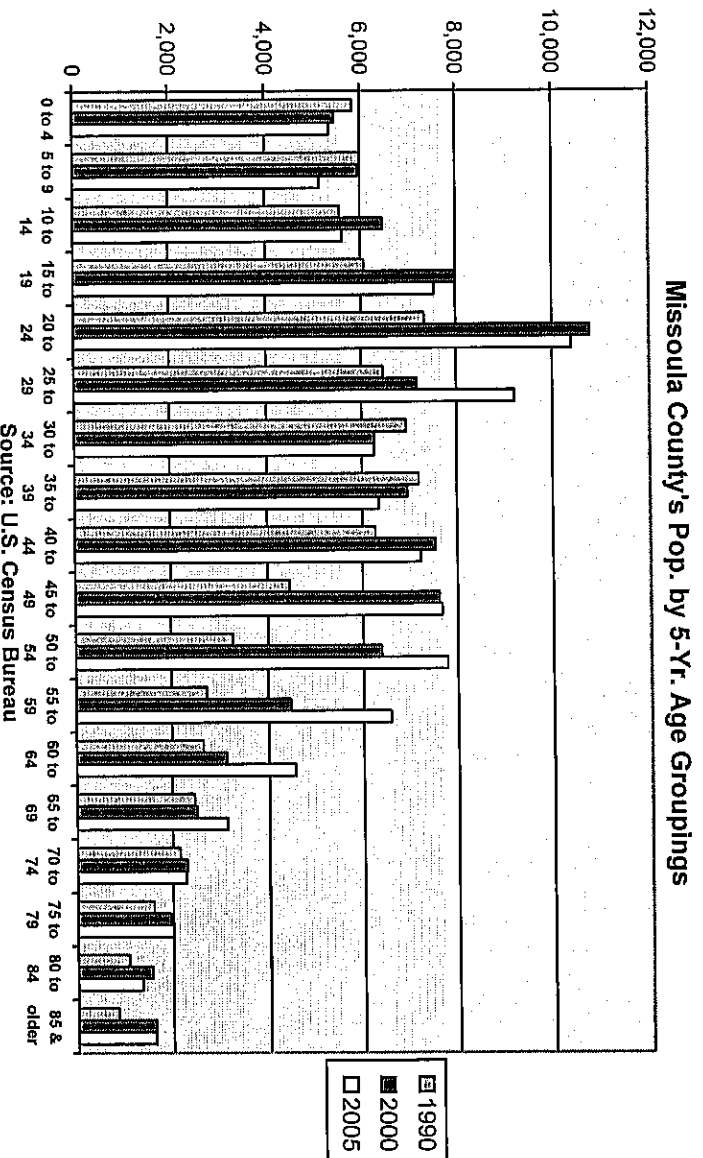
Source: U.S. Census Bureau

Missoula County's Population by Age – 1990, 2000, 2005

The steady aging of the area population can be viewed by examining the size of population by 5-year age group over time. The upper chart shows the number of people residing in Missoula County by age group in 1990, 2000 and more recently in 2005. The lower chart shows change in the size of each age group's population for the ten years from 1990 to 2000 and for the five years from 2000 to 2005.

During the '90s Missoula County's population growth was concentrated among persons between 45 and 54 and, to a lesser degree 55 to 59. These are classic "baby boomers." There also was a large increase in the population of young adults – 20 to 24 – and children and teenagers between 10 and 19. These are the children of baby boomers or the boomer "echo".

More recently, growth is shifting to older groups with the greatest growth among persons 50 and 64 – aging boomers – and among young adults 25 to 29. Population growth over the next ten years will shift to persons 55 and older and to middle age adults in their 30s. The population of young children will grow with growth in the number of young adults – who are forming families.



Ravalli County's Population by Age – 1990, 2000, 2005

The upper chart shows the number of people residing in Ravalli County by age group in 1990, 2000 and more recently in 2005. The lower chart shows change in the size of each age group's population for the ten years from 1990 to 2000 and for the five years from 2000 to 2005.

During the '90s Ravalli County's population growth was concentrated among persons between 40 and 59. These are classic "baby boomers." There also was a large increase in the population of children, particularly 10 to 19. These are the children of baby boomers or the boomer "echo".

More recently, growth is shifting to older groups with the greatest growth among persons 50 and 69 – mainly aging boomers – and among young adults 20 to 29. Population growth over the next ten years will shift to persons 55 and older and to middle age adults in their 30s. The population of young children will grow with growth in the number of young adults – who are forming families.

